



General Assembly

Substitute Bill No. 346

February Session, 2008

* _____SB00346PD_____031408_____*

AN ACT CONCERNING TAX CREDITS FOR HOUSING PROGRAMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 8-395 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2008*):

3 (a) As used in this section, (1) "business firm" means any business
4 entity authorized to do business in the state and subject to the
5 corporation business tax imposed under chapter 208, or any company
6 subject to a tax imposed under chapter 207, or any air carrier subject to
7 the air carriers tax imposed under chapter 209, or any railroad
8 company subject to the railroad companies tax imposed under chapter
9 210, or any regulated telecommunications service, express, telegraph,
10 cable, or community antenna television company subject to the
11 regulated telecommunications service, express, telegraph, cable, and
12 community antenna television companies tax imposed under chapter
13 211, or any utility company subject to the utility companies tax
14 imposed under chapter 212, and (2) "nonprofit corporation" means a
15 nonprofit corporation incorporated pursuant to chapter 602 or any
16 predecessor statutes thereto, having as one of its purposes the
17 construction, rehabilitation, ownership or operation of housing and
18 having articles of incorporation approved by the executive director of
19 the Connecticut Housing Finance Authority in accordance with
20 regulations adopted pursuant to section 8-79a or 8-84.

21 (b) The Commissioner of Revenue Services shall grant a credit
22 against any tax due under the provisions of chapter 207, 208, 209, 210,
23 211 or 212 in an amount equal to the amount specified by the
24 Connecticut Housing Finance Authority in any tax credit voucher
25 issued by said authority pursuant to subsection (c) of this section.

26 (c) The Connecticut Housing Finance Authority shall administer a
27 system of tax credit vouchers within the resources, requirements and
28 purposes of this section, for business firms making cash contributions
29 to housing programs, including homeownership programs, developed,
30 sponsored or managed by a nonprofit corporation, as defined in
31 subsection (a) of this section, which benefit low and moderate income
32 persons or families which have been approved prior to the date of any
33 such cash contribution by the authority. Such vouchers may be used as
34 a credit against any of the taxes to which such business firm is subject
35 and which are enumerated in subsection (b) of this section. For income
36 years commencing on or after January 1, 1998, to be eligible for
37 approval a housing program shall be scheduled for completion not
38 more than three years from the date of approval. Each program shall
39 submit to the authority quarterly progress reports and a final report
40 upon completion, in a manner and form prescribed by the authority. If
41 a program fails to be completed after three years, or at any time the
42 authority determines that a program is unlikely to be completed, the
43 authority may reclaim any remaining funds contributed by business
44 firms and reallocate such funds to another eligible program.

45 (d) No business firm shall receive a credit pursuant to both this
46 section and chapter 228a in relation to the same cash contribution.

47 (e) Nothing in this section shall be construed to prevent two or more
48 business firms from participating jointly in one or more programs
49 under the provisions of this section. Such joint programs shall be
50 submitted, and acted upon, as a single program by the business firms
51 involved.

52 (f) No tax credit shall be granted to any business firm for any

53 individual amount contributed of less than two hundred fifty dollars.

54 (g) Any tax credit not used in the period during which the cash
55 contribution was made may be carried forward or backward for the
56 five immediately succeeding or preceding income years until the full
57 credit has been allowed.

58 (h) In no event shall the total amount of all tax credits allowed to all
59 business firms pursuant to the provisions of this section exceed [ten]
60 twenty million dollars in any one fiscal year, provided, until
61 November first of each year, two million dollars of the total amount of
62 all tax credits under this section shall be set aside for the Supportive
63 Housing Pilots Initiative or the Next Steps Initiative established
64 pursuant to section 17a-485c, two million dollars of the total amount of
65 all tax credits under this section shall be set aside for homeownership
66 programs, and one million dollars of the total amount of all tax credits
67 under this section shall be set aside for workforce housing, as defined
68 by the Connecticut Housing Finance Authority through written
69 procedures adopted pursuant to subsection (k) of this section. On or
70 after November first of each year, any unused portion of such tax
71 credits shall become available for any housing program eligible for tax
72 credits pursuant to this section.

73 (i) No organization conducting a housing program or programs
74 eligible for funding with respect to which tax credits may be allowed
75 under this section shall be allowed to receive an aggregate amount of
76 such funding for any such program or programs in excess of [five]
77 seven hundred fifty thousand dollars for any fiscal year.

78 (j) Nothing in this section shall be construed to prevent a business
79 firm from making any cash contribution to a housing program to
80 which tax credits may be applied which cash contribution may result
81 in the business firm having a limited equity interest in the program.

82 (k) The Connecticut Housing Finance Authority, with the approval
83 of the Commissioner of Revenue Services, shall adopt written

84 procedures in accordance with section 1-121 to implement the
85 provisions of this section. Such procedures shall specify eligible
86 homeownership programs and include provisions for issuing tax
87 credit vouchers for cash contributions to housing programs based on a
88 system of ranking housing programs. In establishing such ranking
89 system, the authority shall consider the following: (1) The readiness of
90 the project to be built; (2) use of the funds to build or rehabilitate a
91 specific housing project or to capitalize a revolving loan fund
92 providing low-cost loans for housing construction, repair or
93 rehabilitation to benefit persons of very low, low and moderate
94 income; (3) the extent the project will benefit families at or below
95 twenty-five per cent of the area median income and families with
96 incomes between twenty-five per cent and fifty per cent of the area
97 median income, as defined by the United States Department of
98 Housing and Urban Development; (4) evidence of the general
99 administrative capability of the nonprofit corporation to build or
100 rehabilitate housing; (5) evidence that any funds received by the
101 nonprofit corporation for which a voucher was issued were used to
102 accomplish the goals set forth in the application; and (6) with respect
103 to any income year commencing on or after January 1, 1998: (A) Use of
104 the funds to provide housing opportunities in urban areas and the
105 impact of such funds on neighborhood revitalization; and (B) the
106 extent to which tax credit funds are leveraged by other funds.

107 (l) Vouchers issued or reserved by the Department of Housing
108 under the provisions of this section prior to July 1, 1995, shall be valid
109 on and after July 1, 1995, to the same extent as they would be valid
110 under the provisions of this section in effect on June 30, 1995.

111 (m) The credit which is sought by the business firm shall first be
112 claimed on the tax return for such business firm's income year during
113 which the cash contribution to which the tax credit voucher relates was
114 paid.

